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CENTRAL INTELLIGENCE AGENCY  
Office of Current Intelligence  
30 January 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: The East German Party Congress

SUMMARY: One of Khrushchev's main purposes in attending the East German party congress was to introduce personally a new phase in the Sino-Soviet dispute whereby he hopes to isolate the Chinese Communists and prove them to be solely responsible for any aggravation of it. On Berlin and Germany, he in effect conceded that the USSR was not now in a position to press the Western powers on a Berlin settlement which would meet even minimal Communist demands. Events at the Congress indicated that Ulbricht has no intention of easing domestic policies although the regime may be somewhat more flexible in carrying them out.

Sino-Soviet Relations

1. One of the main purposes of Khrushchev's attendance at the East German party congress apparently was his desire to take a personal hand in introducing a new phase in the Sino-Soviet dispute. The central theme of his speech to the Congress on 16 January was Moscow's readiness to mute the argument with Peiping and to employ patience and moderation in discussing differences.

2. After Khrushchev's speech, however, it became clear that this line was but a tactical maneuver to isolate the Chinese and make them solely responsible for any further aggravation. Khrushchev's speech and those of his bloc allies continued to attack the substantive position of the Chinese and Albanians and in so doing indicated neither a serious interest in working toward a compromise nor any belief in the possibility of resolving the dispute.

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3. Khrushchev's call for an end to public argument and his equivocal endorsement of another international Communist conference in the distant future left the Chinese with the hard choice of not answering their critics or rejecting the call for a truce. By returning to the attack, they would prove themselves incorrigible.

4. The Chinese delegate, Wu Hsiu-chuan, attempted to parry Khrushchev by agreeing that an end to recriminations between "fraternal" parties was necessary before an international conference of Communist parties could be held. Wu noted that his party had formally proposed a meeting as long ago as April 1962 and had always been against the airing of the dispute in public. The crux of the issue, however, lay in defining a "fraternal" party. Wu made it clear that Peiping, unlike the Soviet Union, would include Albania but not Yugoslavia. He also defended his country's record in the Sino-Indian border dispute and its view of peaceful co-existence, both attacked by the Soviet camp.

5. The stage uproar which greeted Wu's remarks on Yugoslavia and the treatment accorded his speech by TASS (it reported that his "completely inadmissible tone" met with unanimous disapproval) were attempts to prove the Chinese responsible by their persistence in making matters worse.

6. The Soviet bloc has, at the same time, tried to portray the Chinese as alone in their opposition to the views of the majority. The speech of the North Korean delegate, which in many respects supported the Chinese, was not reported by East European media, but was repeated in broadcasts by Pyongyang and Peiping. Even such minor matters as the memorial service for German heroes of the International Communist Movement received treatment from Soviet bloc media calculated to ignore Chinese participation. Only NCNA noted that the Chinese delegation also placed wreaths on their graves; it, in turn, omitted the fact that Khrushchev and Ulbricht, among others, were present.

7. It was necessary at the congress for the Chinese to assert their views so as not to appear to have retreated in the face of Khrushchev's demands.

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They have been at a disadvantage at each of the recent party congresses which preceded that in East Germany. This has been recognized by both sides and has led the Soviet party to claim that each of the congresses was "a kind of international Communist meeting." In his speech closing the debate on 18 January, Ulbricht echoed this Soviet claim. The North Korean delegate, however, specifically attacked this point, and the New Zealand party, which supports the Chinese and had in the spring of 1962 called for an international meeting, has again stressed the need to hold one now. Its official paper stated a few days ago that the party has "decided to take all steps necessary to have this conference called in February."

8. The difficulty arises in the differing definitions of what form an international conference should take and under what rules it should be convoked. The Soviet Union, supported by a majority of the Communist parties, favors reaching conclusions on the basis of majority rule. The Chinese, encouraged by the successes they scored in the last international conference, want one that would arrive at resolutions on the same basis as previously--that of unanimity.

9. A recognition of the difficulties in arranging for a congress was indicated in proposals made by Togliatti and Indonesia's Aidit. Both suggested a conference be called, but each noted that preparations would have to be long and drawn out. Aidit's saw the need for "careful preparation which might take a year or two" before such a conference. Both the Soviet and the Chinese press have reprinted this line.

10. A pause such as Khrushchev requested in his speech would be necessary if the Soviet leader were not yet prepared to face an open break with the Chinese. The ever more direct accusations which they were trading, if continued, would have brought a showdown guaranteed to split the movement asunder. This possibility was causing serious concern in Communist parties around the world, and their leaders have probably been exerting heavy pressure upon both sides to prevent their carrying the conflict to this conclusion.

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11. In the game that is now being played out, the position of other Communist parties takes on increased importance for both sides. The Soviet delegation at the East German congress reportedly organized a series of meetings with various Communist parties to lobby for support. The Chinese also bid hard for support. A pause in the argument, if the Chinese eventually come around to one, will not bring a comparable pause in this type of activity, and it is almost certain that this will lead to a revival of more direct attacks.

#### Berlin and Germany

12. In his address before the East German congress, Khrushchev all but conceded that the Soviet Union was not now in a position to press the Western powers on a Berlin settlement which could in any way be represented as satisfying even minimal Communist demands. Khrushchev said in his 16 January speech that the conclusion of a German peace treaty was "no longer the problem it was before the protective measures" in Berlin (the wall) were taken. Indeed, the cautious, defensive tone adopted by both Khrushchev and Walter Ulbricht in their discussions of the Berlin and German problems reinforces our belief that the USSR does not contemplate any new threats or proposals with regard to Berlin in the immediate future.

13. Khrushchev pointed out that the Berlin wall had contributed to the stabilization of the GDR regime and practically admitted that the political gains which a peace treaty might have secured must now give way to the priority consideration of the revitalization of the East German economy. This line was forecast in Khrushchev's Cuban apologia before the Supreme Soviet on 12 December when he asserted that "all our thoughts are turned to creative construction, to the building of Communism."

14. Khrushchev's remarks, as well as those of other Bloc leaders, strengthen the view that while Moscow remains committed to further negotiations, it envisages a hiatus until the Soviet bargaining position is strong enough to resume

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serious discussions. Although Ulbricht promised the congress on 15 January that Khrushchev would report on the US-Soviet talks on Berlin, the Soviet premier ignored the subject. Nor did he clarify his proposal to replace the "occupation status" of West Berlin with the UN flag.

15. Against this background, it seems doubtful that Moscow has any genuine interest in pressing for a settlement of the Berlin and German problems now. Khrushchev probably looks upon a future exchange of views with the US on these questions as an opportunity to elicit US reaction to his proposals as well as to determine whether the Western position has become more rigid in the Cuban aftermath.

16. Khrushchev's pointed reference to the GDR's "right to control its frontiers" and Ulbricht's assertion that any Berlin settlement must recognize East German sovereignty over all Berlin access routes suggest that any new proposal would still rule out any form of administrative jurisdiction which could interfere with GDR control. Moscow will probably follow the temporizing line advanced by Khrushchev and Ulbricht and recently reaffirmed by Gromyko in his 18 January conversation with Ambassador Kohler. While urging that the dialogue be resumed soon, the Soviet Foreign Minister declared that the USSR would not set a deadline for its completion or for a peace treaty because this would "complicate" the question for both sides.

East German Internal Affairs

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18. On the very eve of the conclave, Erich Apel; Ulbricht's capable economic aide, replaced Karl Mewis as chairman of the State Planning Commission. Mewis is known to have been at odds with other top economic planners. His ouster, however, may prove to be the seed of new differences within the party. It has already caused apprehension within the party's ranks, probably for fear that it heralds a thoroughgoing purge of his supporters. Significantly, Mewis was among the regime leaders who met Khrushchev on the latter's arrival in East Berlin. Also, he was present for at least the first session of the congress. These appearances after his dismissal are certain to create more confusion.

19. In his opening speech to the conclave, Ulbricht was more reasonable than is his wont on international affairs. However, to make Soviet proposals under which Allied forces would remain in West Berlin under UN aegis more palatable to those party functionaries who suspect Moscow of being susceptible to some type of compromise which would prove damaging to East Germany's interests and "prestige," Ulbricht presented them as only the first step in a "gradual settlement" of the Berlin problem. He did not comment extensively on the Sino-Soviet dispute, being aware that a fuller and more authoritative statement would be forthcoming from Khrushchev. To the extent that he did address himself to the question, however, Ulbricht introduced an element not previously mentioned by bloc leaders--Peiping's failure to give advance notice of its intentions to attack India.

20. Ulbricht paid little more than lip service to the concept of de-Stalinization. Throughout the congress there was a manifest effort to create the image of a "collective" leadership with Ulbricht pre-eminent within it. The First Secretary defended himself against any charges of complicity in the "personality cult," arguing that he and his party had supported "Leninist norms" even during the Stalinist purges of the thirties. He said that "consequences of the Stalinist personality cult" had been avoided in East Germany during the immediate postwar period "because the Soviet comrades who were

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here at the time...were Leninists." It remains to be seen whether Ulbricht succeeded in divesting himself completely of his Stalinist heritage. Although Khrushchev's remarks on arrival in Berlin and at the congress approved the East German leadership in general, insofar as Ulbricht was concerned, they lacked the effusive quality so noticeable four years ago and so typical of the plaudits recently paid at the Hungarian, Bulgarian and Czechoslovak congresses to Kadar, Zhivkov and Novotny, respectively.

21. Discussing the economic outlook, the SED First Secretary declared that "hard necessities" must determine future economic planning. The new seven-year plan envisages an annual industrial growth rate of 7.2 percent. While this goal is more within the country's capabilities than the ambitious rates demanded by the last congress in 1958, it is higher than the average 6 percent growth achieved in 1961 and 1962. In his treatment of problems which have plagued agriculture since the collectivization drive of 1960, Ulbricht called for sweeping changes in the party's management of the farms and announced the establishment of a new agricultural bureau within the politburo. This bureau, with subordinate organizations down to the county level, will be responsible for over-all management of agricultural affairs. This will tighten party control, but it is doubtful that it will increase production. The new bureaus reportedly are being staffed by young activists whose assignments will take them directly to the collective farms, to ensure that the peasants put forth maximum efforts. The peasants will not welcome such "encouragement" and will continue to cultivate their private plots at the expense of communal lands and herds.

22. Ulbricht's complaint that the East German people "now are spending considerably more for food, beverages and similar goods" than for consumer durables suggests that the populace is in for a long period of austerity--a suggestion lent weight by Khrushchev's stress at the congress on increased labor productivity as the only means of improving the living standard and his contemptuous remark that "We Russians are not waiting for the rich uncle."

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23. Changes in the party's leadership, announced on 22 January, like the speeches at the congress, suggest that the regime intends to deal somewhat more realistically than heretofore with its domestic problems. The politburo now includes several potential successors to Ulbricht. Two of these are new members: Paul Froelich and Paul Verner, respectively party leaders in the pivotal Leipzig and Berlin districts. Another is Erich Honecker, Ulbricht's longtime right-hand man and a politburo member since 1958. Even though Ulbricht remains at the head of the party and state, his responsibilities and authority may diminish as these men assume a more prominent role.

24. The politburo's candidate membership has been overhauled, with five former members dropped and seven new members added. These changes seem to reflect the party's intention to use technically trained specialists to deal with pressing problems.

25. The central committee also appears to have been thoroughly overhauled. Of the 108 full members in the old committee, only 79 have been re-elected and their influence is certain to be diluted by the addition of 42 new members who bring the body's membership to 121. Candidate members of the central committee have jumped from 37 to 60. Both changes suggest a major effort by the leadership to broaden the party's base and may presage shake-ups of the lower levels of the apparatus.